

INFORMATION PAPER

L30/MktgOfc
30 July 2004

SUBJECT: PUBLIC-PRIVATE PARTNERSHIPS

FACTS:

1. Balanced Scorecard Goal/Objective.

The Balanced Scorecard objective is for increased revenue starting with the performance FY03 baseline of 9.5% and establishing the long-term target for FY09 to be 19.5% or a 10% increase in revenue. The measurement intent is for the growth in sources of Non-Marine Corps funding streams that will include opportunities to market under-utilized capacity within the Maintenance Centers to assist in maintaining core skills and expand partnering agreements with Non-Marine Corps customers. For several years, DoD has encouraged Depots to pursue partnerships with the private sector. In January 2002, DoD issued policy encouraging the use of public private partnerships (PPPs) in order to combine the best commercial processes and practices of private industry with the depots. The objective of this policy is to improve the efficiency and viability of the Depots. The pursuit of PPPs will foster innovative ideas in support of core competencies. Creating partnerships with industry will be a key element in the pursuit of alternative sources of workload and exploitation of unique funding streams.

2. Project Description.

LOGCOM is actively pursuing partnering arrangements with industry that will strengthen core competencies, enhance our competitiveness, and improve Marine Corps readiness. LOGCOM has been working for several years and continues to work in the identification and removal of impediments that may restrict the ability to enter into PPPs. On 19 July 2002, the Secretary of the Navy designated LOGCOM's Maintenance Centers as Centers of Industrial and Technical Excellence. Also, on 10 June 2003, LOGCOM was granted the delegation of authority for the sales of services in accordance with Title 10 USC 2563. On 14 May 2002, a memorandum from the Under Secretary of Defense (Maintenance Policy, Programs and Resources) provided an overarching implementation plan. The plan stated that by 24 June 2002 the Marine Corps would develop an integrated, comprehensive strategy to create an environment where PPPs could flourish. As part of that strategy LOGCOM (formerly called MATCOM) developed an USMC Depot Maintenance PPP implementation plan. However, the plan has not been fully implemented.

3. Why Required.

One of the missions of LOGCOM is for their depots to maintain a highly skilled technical and engineering workforce that is capable of performing major overhauls and modifications of weapon systems, communication electronics, and the associated components as related to core competencies as authorized in Title 10 USC 2464. PPPs are a means to strengthen organic core competencies. The core competencies have been designated as combat and combat support systems (to include amphibious), combat/tactical vehicles, automotive/construction equipment, ordnance/weapons, general-purpose equipment and communications/electronics equipment. PPPs can enhance the effectiveness of maintenance operations and close the performance gap between the private industry

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and the organic depots. There are several objectives that can be obtained by entering into PPPs; the following are a few of those objectives that can be easily achieved:

- Sustain Core capability and retain required skill sets
- Provide responsive, timely and reliable product support to the war fighter
- Sustain parts availability to maintain workflow, reduce repair cycle times
- Introduce private industry proven business practices and processes into the depot mainstream
- Infuse new technology
- Leverage private sector investments into depot facilities and equipment

4. Resources.

The PPP initiative has been an ongoing, unfunded action for several years. It has been a collaborative action between multiple organizations within LOGCOM. In response to a DoD directive, a POAM was established by MATCOM in July 2002. The POAM assigned action offices and established funding requirements for each office. The Marketing Office submitted budget requests and was placed on the funding deficiencies list. The lack of funding and the subsequent transformation from MATCOM to LOGCOM led to the incompleteness of the project.

A PPP stakeholders group committee has been stood up by LOGCOM to review PPP opportunities. It is recommended that in addition to the PPP stakeholders, the Command establish an Integrated Product Team for the pursuit of PPPs. This IPT should be chartered with the responsibility of developing:

- POAM for implementation plan
- Budget requirements for the implementation plan
- LOGCOM PPP policy
- Business Case Analysis templates for partnering initiatives
- Benchmarking analysis
- PPP Handbook/guide to include processes and procedures
- List of potential impediments
- List of PPP legislations
- PPP plan and metrics

5. Plan of Action and Milestones.

The PPP IPT should develop a Plan of Action and Milestone. This POAM should include budget, timeline, action offices, contract support (if required) and TAD requirements.

6. Owning Organization/ Partners.

The primary responsibility for execution is the Marketing Office. The PPP Stakeholder committee maintains overarching control of the IPT. Recommend as a minimum IPT representatives from the following organizations:

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- Marketing Office (Chair)
- Maintenance Directorate
- Maintenance Center Albany
- Maintenance Center Barstow
- Marine Corps Logistics Base, Albany
- Marine Corps Logistics Base, Barstow
- Blount Island Command
- Contracts Directorate
- Legal Counsel
- Business Performance, Integration and Assessment Office
- Plans, Policy, and Operations

Any other members will be added on an ad hoc basis.

7. Point of Contact.

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